

## Message Text

PAGE 01 TAIPEI 00001 \*02 OF 02 071018Z

70

ACTION EA-14

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 PA-04 PRS-01 USIA-15 H-03 L-03 DRC-01 /158 W

----- 031112

R 070904Z JAN 74

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 577

INFO AMCONSUL HONG KONG

AMEMBASSY MANILA

LIMITED OFFICIAL USE SECTION 2 OF 2 TAIPEI 0120

7. WANG SHAO-YU APPEARED TO AGREE THAT IT WOULD BE MOST DIFFICULT FOR US FIRMS IN TAIWAN TO SUBMIT DETAILED US TAX RETURNS IN ORDER TO OBTAIN REBATE OF PART OF LOCAL WITHHOLDING TAX. THE PROBLEM IS TO DISCOVER A METHOD WHICH WILL ENABLE HIM TO IMPLEMENT THE AMENDMENTS TO ARTICLE 17 OF THE STATUTE WHILE NOT CREATING DIFFICULTIES FOR US FIRMS. HE SUGGESTED A) MINISTRY OF FINANCE WOULD HIRE ANY COMPETENT US ACCOUNTING FIRM RECOMMENDED BY THE CHAMBER TO ADVISE THE MINISTRY ON US TAX LAWS AND REGULATIONS; AND (PERHAPS THAT FIRM WOULD BE ABLE TO COME UP WITH A SOLUTION TO THE WITHHOLDING TAX PROBLEM) B) UNTIL A SOLUTION WAS ARRIVED AT, HE WAS PREPARED TO RECOMMEND TO K.T. LI, MINISTER OF FINANCE, THAT US FIRMS SHOULD CONTINUE PAYING WITHHOLDING TAX AT THE OLD RATE OF 15 PERCENT.

8. WANG SHAO-YU ALSO SUGGESTED, IN REMARK DIRECTED TO EMBOFFS, THAT IN VIEW OF CHANGES IN ROC TAX STRUCTURE AND PROBLEMS PRESENTED BY SUCH CHANGES IT MIGHT BE WISE TO REACTIVATE NEGOTIATION OF US-ROC TAX TREATY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TAIPEI 00001 02 OF 02 071018Z

OM AT LUNCHEON JANUARY 7 WANG SHAO-YU COMMENTED TO ECONCOUNS THAT HE HAD RECEIVED "BAD ADVICE" FROM HIS STAFF. HE HAD BEEN ASSURED THAT AMENDMENTS TO ARTICLE 17 WOULD CREATE NO PROBLEMS FOR US FIRMS BECAUSE

OF TAX REBATE PROVISIONS. HE NOW REALIZES THAT PROBLEM IS VERY COMPLICATED AND CONSIDERABLE EFFORT WILL BE REQUIRED TO UNDO THE DAMAGE THAT HAS BEEN DONE. HE URGED ECONCOUNS TO REQUEST US FIRMS TO BE PATIENT. HE HAD DISCUSSED MATTER WITH MINISTER LI, WHO AGREED TO RECOMMEND PROPOSAL TO RETAIN 15 PERCENT WITHHOLDING RATE UNTIL PERMANENT SOLUTION CAN BE FOUND TO EXECUTIVE YUAN JANUARY 10. WANG INDICATED THAT HE IS VERY HOPEFUL LI'S RECOMMENDATION WILL BE APPROVED.

10. ACTION REQUESTED: EMBASSY WOULD APPRECIATE INFORMATION ON STATUS TAX TREATY NEGOTIATIONS. WILSON KING STATES THAT HE VISITED WASHINGTON IN AUGUST 1972 TO DISCUSS MATTER BUT HE KNOWS OF NO FURTHER DISCUSSIONS SINCE THEN. EMBASSY FILES ALSO CONTAIN NO INFORMATION SUBSEQUENT TO KING VISIT.  
MCCONAUGHY

LIMITED OFFICIAL USE

<< END OF DOCUMENT >>

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 11 JUN 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 07 JAN 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974TAIPEI00120  
**Document Source:** ADS  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** n/a  
**Film Number:** n/a  
**From:** TAIPEI  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740176/dcjcyaaq.tel  
**Line Count:** 73  
**Locator:** TEXT ON-LINE  
**Office:** n/a  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:** ANOMALY  
**Review Date:** 22 JUL 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <22 JUL 2002 by kelleyw0>; APPROVED <03-Sep-2002 by MorefiRH>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** <DBA CORRECTED> jms 19990812  
**Subject:** US FIRMS TO SUBMIT US TAX RETURNS  
**TAGS:** EFIN  
**To:** STATE INFO HONG KONG  
MANILA  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005